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IN THE

Supreme Court of the United States

October Term, 1960.
No. 365

JOHN HAMPTON and DOROTHY HAMPTON,
Petitioners,

vs.

PARAMOUNT PICTURES CORPORATION, and EASTMAN KODAK COMPANY,
Appellees.

Brief of Appellee Paramount Pictures Corporation in Opposition to Petition for Certiorari to the United States Court of Appeals for the Ninth Circuit.

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Brief of Appellee Paramount Pictures Corporation in Opposition to Petition for Certiorari to the United States Court of Appeals for the Ninth Circuit.

Opinions Below.

Petitioners refer (Pet. p. 2) to the Order of the District Court dated March 27, 1959 on petitioners' motion for a new trial. However, said Order is not set forth in petitioners' brief. Accordingly, said order is set forth herein in Appendix A.

Questions Presented.

Petitioners have set forth as the first question presented the following:

> "1. Is the unconditional purchase (by Hampton) of a positive print of a copyrighted silent motion picture film ("The Covered Wagon") from an authorized agent (Eastman and Kodascope) of

the owner of the film (Paramount) restricted under the Copyright Law, so that the specific print purchased may not be exhibited 'for profit'?"

The question as thus presented is based upon a false premise in that it assumes that Eastman and Kodascope were "an authorized agent" of Paramount for the purpose of selling positive prints of the silent motion picture film "The Covered Wagon". As the Court of Appeals determined in its Opinion below (Pet. p. 5b) the agreement between Paramount and Kodascope dated June 15, 1927 (hereinafter referred to as the "Kodascope Agreement") precluded a construction that Paramount gave Kodascope the right to sell positive prints of "The Covered Wagon". Moreover, even if the Kodascope agreement were construed to give Kodascope such a right, clearly under the terms the Kodascope Agreement, Kodascope would have the power to sell such prints only "for strictly non-theatrical exhibitions". (See Court of Appeals Opinion, Pet. p. 5b). Therefore, the first question presented as stated by petitioners (Pet. p. 2) should be reformulated into the following questions:

1. Does the sale of a tangible positive print of a copyrighted motion picture film in itself convey to the purchaser any rights under the copyright Act (17 U. S. C., Sec. 1) with respect to such print if the seller pursuant to such sale does not purport to grant any rights under the Copyright Act?

2. Can the purchaser of a tangible positive print of a copyrighted motion picture film acquire any rights under the Copyright Act with respect to such print where the seller had no authority to sell such print?

3. Can the purchaser of a tangible positive print of a copyrighted motion picture film acquire any rights

under the Copyright Act with respect to such print greater than the rights theretofore acquired by the seller from the copyright proprietor?

Statutes Involved.

In addition to the statutory provisions referred to by petitioners (Pet. p. 3) the Court is respectfully directed to 17 U. S. C. Section 27 which is set forth in Appendix B.

Statement of the Case.

Petitioners' statement should be supplemented as follows:

1. The only rights acquired by Kodascope from Paramount under the said Kodascope Agreement limited Kodascope to " . . . strictly non-theatrical exhibitions". [Par. 1, Ex. 3.] Petitioners' exhibitions of the print of "The Covered Wagon" acquired by petitioners from Kodascope and Eastman were exhibitions of a "theatrical" as distinguished from a "non-theatrical" nature.

2. Eastman, in selling a 16 mm. print of "The Covered Wagon" to petitioners did not, and did not purport to grant to petitioners the right to exhibit said print for "theatrical" purposes.

3. Appellee first knew that Kodascope prints of films, the copyrights of which were held by appellee, were being used commercially on or about June 25, 1953. [R. 38.]

4. Appelee first learned of an instance of a sale of a Kodascope print of a film, whose copyright was held by appellee, on or about January 29, 1954. [R. 38.]

5. On April 21, 1954, appellee first learned that petitioners had exhibited "The Covered Wagon". [R. 33.]

6. On April 21, 1954, appellee informed petitioner John Hampton that petitioners had no right to exhibit the print of "The Covered Wagon," and that any exhibition of such print would constitute an infringement of appellee's rights. [Rep. Tr. p. 19.]

7. On or about April 27, 1955, petitioners exhibited at their theatre, known as the Silent Movie Theatre, a print of "The Covered Wagon," which exhibition was repeated eleven additional times during a period of approximately seven successive days, each such exhibition being open to members of the public upon payment of admission fees, which fees were retained by the petitioners in connection with their business of operating the said theatre. [Rep. Tr. p. 8.]

8. On April 28, 1955, appellee sent written notice by telegraph, to petitioner John Hampton, which notice, received by said petitioner, required him to cease and desist from all further exhibition of "The Covered Wagon." [Rep. Tr. p. 8.]

9. After receipt of such notice, petitioners continued to make the aforesaid exhibitions of the aforesaid positive print of "The Covered Wagon," and threatened to continue or resume such exhibition. [Rep. Tr. p. 8.]

10. Appellee filed its complaint in the present action on December 22, 1955, [R. 13], less than nine months after the aforesaid exhibitions by petitioners.

11. Prior to the exhibitions of "The Covered Wagon" alleged in the complaint, the only times the petitioners theretofore exhibited "The Covered Wagon" were during a period of three days in March, 1943, six days in November, 1948, and seven days in January 1952. (Defendants' Request for Admission, dated November 16, 1956).

ARGUMENT.

I.

No Important and Unsettled Question of Federal Law Is Here Presented.

The Court of Appeals did not err in its interpretation of the copyright law. It is long settled that the purchaser of a tangible copy of a copyrighted work does not merely by reason of such purchase acquire any rights under the Copyright Act. *Stevens v. Gladding*, 17 How. 447, 15 L. Ed. 155 (1854); *Stephens v. Cady*, 14 How. 528, 14 L. Ed. 528 (1852). Moreover, the Copyright Act itself (17 U. S. C.) expressly provides at Section 27:

> "The copyright is distinct from the property and the material object copyrighted, and the sale or conveyance, by gift or otherwise, of the material object shall not of itself constitute a transfer of the copyright, nor shall the assignment of the copyright constitute a transfer of the title to the material object; but nothing in this title shall be deemed to forbid, prevent, or restrict the transfer of any copy of a copyrighted work the possession of which has been lawfully obtained."

The necessary implication of petitioners' argument is that one who purchases a published and copyrighted copy of printed sheet music thereby acquires the right to publicly perform such music for profit. This clearly is contrary to established principles of copyright law. *Buck v. Jewell-La Salle Realty Co.*, 283 U. S. 191, 75 L. Ed. 971 (1931). On the contrary, it is well established that even if the copyright proprietor grants another right under the Copyright Act (*e.g.*, the right to sell

copies) this does not divest the copyright proprietor of other rights under the Copyright Act (*e.g.*, the right to publicly perform the work for profit. *Buck v. Jewell-La Salle Realty Co., supra; Interstate Hotel Co. of Nebraska v. Remick Music Corp.*, 157 F. 2d 744, (8th Cir. 1946.) In fact, in construing Section 27 of the Copyright Act quoted above (formerly Sec. 41), it has been precisely held that the sale of a tangible print of a copyrighted motion picture film does not in itself convey the right to exhibit such film. *Davenport Quigley Expedition, Inc. v. Century Productions, Inc.*, 18 Fed. Supp. 974. (S. D. N. Y. 1937.)

Petitioners rely upon the case of *Bobbs-Merrill Co. v. Strauss*, 210 U. S. 339 (1907), as upholding the proposition that the purchaser of a tangible positive print of a copyrighted motion picture film may by reason of such purchase theatrically exhibit such print even though the copyright proprietor has not consented to such exhibition. The *Bobbs-Merrill* case, however, does not in any way uphold this proposition. On the contrary, as was pointed out by this Honorable Court in *Buck v. Jewell-La Salle Realty Co., supra*, the *Bobbs-Merrill* case merely holds that a copyright proprietor who sells a tangible copy of the work may not thereafter control the resale of such copies. However, despite such sale the copyright proprietor continues to reserve the right to control performances of the work embodied in such copy. *Buck v. Jewell-La Salle Realty Co., supra.* The rule of the *Bobbs-Merrill* case has since been enacted into the Copyright Act in the last phrase of Section 27:

"... but nothing in this title shall be deemed to forbid, prevent, or restrict the transfer of any

copy of a copyrighted work the possession of which has been lawfully obtained."

Clearly this does not invalidate the reservation of performance or other rights under the Copyright Act held by the copyright proprietor. Moreover, it should be noted that Paramount never sold to Kodascope or Eastman under the Kodascope Agreement or otherwise any tangible copies of Paramount films.

II.

There Is No Conflict Between the Holdings of the Ninth and Second Circuits.

Petitioners argue (Pet. p. 6) that *Universal Film Mfg. Co. v. Copperman*, 218 Fed. 577 (2d Cir. 1914) is in conflict with the holding of the Court of Appeals for the Ninth Circuit in the present action. As indicated in the Opinion of the Court of Appeals below (Pet. p. 5b) there are several grounds for distinguishing the *Universal Film* case from the present action. First, it should be noted that at the time of the sale of the tangible print in the *Universal Film* case the owner of the print had obtained no statutory copyright therein. Consequently, the provisions of Section 27, of the Copyright Act were not applicable. In the present case, since appellee's predecessor was the copyright owner of the motion-picture film "The Covered Wagon" at the time the Kodascope Agreement was executed, and at the time petitioners purchased the film print from Kodascope, the following provisions of Section 27 are clearly applicable:

"The copyright is distinct from the property and the material object copyrighted, and the sale or

conveyance, by gift or otherwise, of the material object shall not of itself constitute a transfer of the copyright . . ."

In addition to the above distinction it should be noted that in the *Universal Film* case the vendor of the film print was itself the owner of unrestricted rights in the common law copyright of the film. In the present action, the owner of the unrestricted rights in the copyright, *i.e.*, the appellee, did not sell any prints either to Kodascope or to the petitioners. Likewise, Kodascope, the seller of the print to petitioners, was not the owner of unrestricted rights in the copyright. It is one thing to say that an owner of unrestricted rights may not attach restrictions in connection with the sale of a print. It is quite another proposition to argue that the owner of a *restricted* right in a film (*i.e.*, Kodascope) may nevertheless pass an unrestricted right to the purchaser of a print.

Moreover, it is surely of significance to note that the Federal District Court for the Southern District of New York in *Davenport Quigley Expedition, Inc. v. Century Productions, Inc.*, 18 Fed. Supp. 974 (S. D. N. Y. 1937), held that the sale of a *copyrighted* motion picture film print did not convey any rights in the copyright thereunder. The District Court in the *Davenport Quigley* case apparently did not regard the *Universal Film* case decided some twenty-three years previously as requiring a contrary decision, even though an earlier opinion in the *Universal Film* case is cited in the *Davenport Quigley* case on another point.

In an attempt to further establish a conflict of decisions, petitioners cite (Pet. p. 6) the New York case of *Pushman v. New York Graphic Society*, 287 N. Y.

302, 39 N. E. 2d 249 (1942). Since the *Pushman* case deals exclusively with a common law copyright claim (so that the provisions of Section 27 of the Copyright Act would not be applicable) the case represents no conflict whatsoever with the present action. Furthermore, in the Pushman opinion itself there is a quotation from *Parton v. Prang*, Fed. Cas. No. 10784, at page 1278 in which the point is made that the rule is different with respect to a statutory copyright as distinguished from a common law copyright. The *Pushman* court goes on the state:

> "We are, of course, concerned here with the so-called common law copyright, not statutory copyright."

Furthermore, even with respect to a common law copyright, the doctrine of the *Pushman* case was subsequently modified in *Chamberlain v. Feldman*, 300 N. Y. 135, 89 N. E. 2d 863 (1949).

III.

The Issue of Alleged Abandonment Is Inappropriate for Review in This Court.

As the Honorable Learned Hand stated for the Court in *National Comics Publications, Inc. v. Fawcett Publications, Inc.*, 191 F. 2d 594 (2d Cir. 1951) in order for an author to abandon his copyright in a work he must abandon it by some overt act which manifests his purpose to surrender his rights in the work. The Court in the *National Comics* case concluded that no such intent to abandon the work was established in that case. For a similar holding see *Mills Music, Inc. v. Cromwell Music, Inc.*, 126 Fed. Supp. 54, (S. D. N. Y. 1954.) The District Court in the present action found

as a fact that "The evidence does not establish any abandonment of 'The Covered Wagon' copyright by plaintiff." (Pet. p. 2c.) Likewise, the Court of Appeals in the present action stated (Pet. p. 6b):

> "Abandonment of such rights, however, must be manifested by some overt act indicative of a purpose to surrender the rights and allow the public to copy. *National Comics Publications v. Fawcett Publications*, 2 Cir., 191 F. 2d 594, 498.
>
> "*Evidence of such an overt act is here totally lacking.* There was at most lack of action." (Emphasis added.)

In view of the statement in the Opinion of the Court of Appeals that evidence of such an overt act is "totally lacking" it can hardly be said that the Findings of Fact by the District Court were "clearly erroneous", and hence under Rule 52(a) of the Federal Rules of Civil Procedure such Finding of Fact should not be set aside.

IV.

The Effect of a Renewal Copyright Need Not Be Considered by This Court.

The effect of appellee's renewal copyright would not be raised unless it were found that appellee had abandoned its copyright under the original copyright term. Nothing in the District Court's Order for Findings and Judgment (Pet. p. 1c) or in the Opinion of the Court of Appeals indicates a finding of abandonment by appellee of its original term copyright, or of a reliance upon the effect of a renewal copyright in holding for appellee.

Petitioners argue that the trial court found for appellee on the basis of a renewal copyright theory by reason of a colloquy between the District Judge and Counsel during the oral argument on petitioners' motion for a new trial. (Pet. p. 7.) However, it is to be noted that after such colloquy, in the trial court's order on defendants' motion for a new trial the Court stated:

> "(1) even though the defense of laches may survive expiration of the first period and be carried over and asserted during the renewal period of a copyright, since the facts here of record do not show complete abandonment or such inaction or acquiescence by plaintiff in defendants' infringements of plaintiff's 'Covered Wagon' copyright as to defeat the right itself . . . there is no basis otherwise which would serve to warrant the granting of a new trial." (See Appendix A.)

From the foregoing, it is clear that the trial court's finding of lack of abandonment is not predicated on a theory that abandonment during the original term is vitiated by reason of the renewal term of copyright. By reason of the above, it is unnecessary for appellee to here argue the effect of renewal copyright. However, it may be briefly noted that in any event neither Kodascope, Eastman, nor the present petitioners may claim any interest in or license under "The Covered Wagon" copyright in view of the fact the said Kodascope Agreement did not purport to grant any renewal rights. (*Recordi v. Paramount Pictures, Inc.*, 189 F. 2d 469 (2d Cir. 1951).)

Conclusion.

It is respectfully submitted that under the authorities above cited petitioners could under no circumstances be held to have acquired the right to exhibit the print of "The Covered Wagon" for theatrical purposes. This is true for each of the following independent reasons:

1. Eastman itself did not have the right to exhibit such print for theatrical purposes.

2. Eastman did not have the right to sell a print of "The Covered Wagon" to appellants.

3. Eastman did not purport to grant to appellants the right to exhibit such print.

Moreover, there are no grounds whatsoever for finding appellee to have abandoned its copyright. By reason of the above and since in any event this action does not present an important and unsettled question of Federal law nor a conflict among Courts of Appeals, it is submitted that the Petition for Writ of Certiorari should be denied.

Respectfully submitted,

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APPENDIX A.

In the United States District Court for the Southern District of California, Central Division.

Paramount Pictures Corporation, plaintiff, vs. John Hampton and Dorothy Hampton, defendants.

Order on Defendants' Motion for a New Trial.

This cause having come before the Court for hearing on defendants' motion for a new trial, filed January 9, 1959 and the motion having been argued and submitted for decision; and it appearing to the Court that:

(1) even though the defense of laches may survive expiration of the first period and be carried over and asserted during the renewal period of a copyright, since the facts hereof record do not show complete abandonment or such inaction or acquiescence by plaintiff in defendants' infringements of plaintiff's "Covered Wagon" copyright "as to defeat the right itself." [*Menendez v. Holt*, 126 U. S. 514, 523-525 (1888); *California Packing Corp. v. Sun-Maid Raisin Growers*, 81 F. 2d 674, 679-680 (9th Cir. 1936), 974 (9th Cir. 1935); but see *Whitman v. Walt Disney Productions, Inc.*, ... F. 2d. ..... (9th Cir., December 27, 1958); *Gillons v. Shell Oil Co. of California*, 86 F. 2d 600 (9th Cir. 1936), *cert. denied*, 302 U. S. 689 (1957) *cf. Edwin L. Wiegland Co. v. Harold E. Trent Co.*, 122 F. 2d 920 (3rd Cir. 1940); *Universal Coin Lock Co. v. American Sanitary Lock Co.*, 104 F. 2d 781 (7th Cir. 1939); *George J. Meyer Manufacturing Co. v. Miller Manufacturing Co.*,

24 F. 2d 505 (7th Cir. 1928); *Window Glass Machine Co. v. Pittsburgh Plate Glass Co.*, 284 F. 2d 645 (3rd Cir. 1922)] and since this action was brought by plaintiff within nine months of the particular infringements complained of, plaintiff cannot be held guilty of laches in asserting the claims here presented [*cf. Southern Pacific Co. v. Bogert*, 250 U. S. 478 490 (1918); *Townsend v. Vanderwerker*, 160 U.S. 171, 186 (1895); *Menendez v. Holt, supra*, 128 U. S. at 523-525; *Matter of National Moulding Co.*, 23-F. 2d 69, 72 (3rd Cir. 1956); *Brennan v. Hazeley Products Co.*, 182 F. 2d 945 (2d Cir. 1950), *cert. denied*, 340 U. S. 865 (1950); *California Packing Corp. v. Sun Maid Raisin Growers, supra*, 81 F. 2d at 674. *Phillips v. The Governor & Company, supra*, 79 F. 2d at 971; *D. O. Haynes & Co. v. Druggist Circular*, 32 F. 2d 215 (2d Cir. 1929)]; and

(3) there is no basis otherwise which would serve to warrant the granting of a new trial.

It is accordingly now ordered that defendants' motion for a new trial is hereby denied.

It is further ordered that the Clerk this day serve copies of this order by United States mail on the attorneys appearing in this cause.

March 27, 1959

WILLIAM C. MATHES,
United States District Judge.

APPENDIX B.

SECTION 27. COPYRIGHT DISTINCT FROM PROPERTY IN OBJECT COPYRIGHTED; EFFECT OF SALE OF OBJECT, AND OF ASSIGNMENT OF COPYRIGHT.

The copyright is distinct from the property in the material object copyrighted, and the sale or conveyance, by gift or otherwise, of the material object shall not of itself constitute a transfer of the copyright, nor shall the assignment of the copyright constitute a transfer of the title to the material object; but nothing in this title shall be deemed to forbid, prevent, or restrict the transfer of any copy of a copyrighted work the possession of which has been lawfully obtained.